GOVERNMENT OF INDIA
MICRO, SMALL AND MEDIUM ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:551
ANSWERED ON:24.02.2009
INSURANCE COVER FOR MSMES WORKERS
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Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a) the details of insurance schemes for workmen employed in Medium and Small Scale Industries;

(b) whether the Government has raised Insurance Cover for workmen employed in Micro, Small and Medium Enterprises;

(c) if so, the details thereof; and

(d) the steps taken by the Government to protect the above industries due to the impact on present global financial crisis?

Answer

MINISTER OF MICRO, SMALL & MEDIUM ENTERPRISES(SHRI MAHABIR PRASAD)

(a) to (c) The Employees State Insurance (ESI) Scheme formulated under the provisions of Employees State Insurance Act,1948,is applicable in all such factories/ establishments having more than 10/20 employees/workers (with/without power). The Scheme covers all employees/workmen who are drawing monthly wages up to Rs.10,000/-, which, inter alia, include workmen employed in Micro, Small and Medium Enterprises (MSMEs). From 01-04-2005, to enhance the benefits under ESI, the Government introduced "Rajiv Gandhi Shramik Kalyan Yojana" to provide for unemployment allowance along with other medical and insurance benefits to the insured workers/workmen including employees of MSMEs.

In addition, the Government has the following sector/trade or occupation specific health/life insurance schemes, which cover all employees, including eligible workmen of MSMEs engaged in those areas:

(i) Handloom Weavers' Comprehensive Welfare Scheme;

(ii) Handicraft Artisans Comprehensive Welfare Scheme;

(iii) Rashtriya Swathya Bima Yojana for BPL workers in unorganized sector;

(iv) Janshree Bima Yojana for BPL workmen engaged in 43 notified occupations;

(v) Khadi Karigar Janashree Bima Yojana(JBY) wherein enhanced risk cover is provided for khadi artisans from 2006-07; and

(vi) Coir Board Coir Workers Group Personal Accident Insurance Scheme, wherein risk cover has been doubled for each coir worker engaged in coir industry from 01.12.2005.

(d) Keeping in view the impact of present global financial crisis on MSMEs, the Government, the Reserve Bank of India (RBI) and the Public Sector Banks have taken several measure for protecting and providing a stimulus to the MSMEs which, inter alia, include:
(i) extending the loan limit under Credit Guarantee Scheme from Rs.50 lakh to Rs.1 crore with a guarantee cover of 50 per cent;
(ii) increasing the guarantee cover under Credit Guarantee Scheme from 80 per cent to 85 per cent for credit facility up to Rs.5 lakh;
(iii) an advisory to Central Public Sector Enterprises to ensure prompt payment of bills of MSMEs;
(iv) interest subvention of 2 per cent in pre and post-shipment export credit to Small and Medium Enterprises (SME) sector up to 31.03.2009;
(v) refinance limit of Rs.7,000 crore to Small Industries Development Bank of India (SIDBI) for incremental on-lending to the Micro and Small Enterprises (MSE) sector;
(vi) grant of need-based ad hoc working capital demand loans up to 20 per cent of the existing fund-based limits; and
(vii) reduction in interest rates for borrowing by micro enterprises by 1per cent and in respect of SMEs by 0.5 per cent.